

Subtitle D--Retirement and Survivor Benefit Matters

SEC. 641. CONTINGENT AUTHORITY FOR CONCURRENT RECEIPT OF MILITARY RETIRED PAY AND VETERANS' DISABILITY COMPENSATION AND ENHANCEMENT OF SPECIAL COMPENSATION AUTHORITY.

(a) RESTORATION OF RETIRED PAY BENEFITS- Chapter 71 of title 10, United States Code, is amended by adding at the end the following new section:

“Sec. 1414. Members eligible for retired pay who have service-connected disabilities: payment of retired pay and veterans' disability compensation; contingent authority

“(a) PAYMENT OF BOTH RETIRED PAY AND COMPENSATION- Subject to subsection (b), a member or former member of the uniformed services who is entitled to retired pay (other than as specified in subsection (c)) and who is also entitled to veterans' disability compensation is entitled to be paid both without regard to sections 5304 and 5305 of title 38, subject to the enactment of qualifying offsetting legislation as specified in subsection (f).

“(b) SPECIAL RULE FOR CHAPTER 61 CAREER RETIREES- The retired pay of a member retired under chapter 61 of this title with 20 years or more of service otherwise creditable under section 1405 of this title at the time of the member's retirement is subject to reduction under sections 5304 and 5305 of title 38, but only to the extent that the amount of the member's retired pay under chapter 61 of this title exceeds the amount of retired pay to which the member would have been entitled under any other provision of law based upon the member's service in the uniformed services if the member had not been retired under chapter 61 of this title.

“(c) EXCEPTION- Subsection (a) does not apply to a member retired under chapter 61 of this title with less than 20 years of service otherwise creditable under section 1405 of this title at the time of the member's retirement.

“(d) DEFINITIONS- In this section:

“(1) The term ‘retired pay’ includes retainer pay, emergency officers' retirement pay, and naval pension.

“(2) The term ‘veterans' disability compensation’ has the meaning given the term ‘compensation’ in section 101(12) of title 38.

“(e) EFFECTIVE DATE- If qualifying offsetting legislation (as defined in subsection (f)) is enacted, the provisions of subsection (a) shall take effect on--

“(1) the first day of the first month beginning after the date of the enactment of such qualifying offsetting legislation; or

`(2) the first day of the fiscal year that begins in the calendar year in which such legislation is enacted, if that date is later than the date specified in paragraph (1).

`(f) EFFECTIVENESS CONTINGENT ON ENACTMENT OF OFFSETTING LEGISLATION- (1) The provisions of subsection (a) shall be effective only if--

`(A) the President, in the budget for any fiscal year, proposes the enactment of legislation that, if enacted, would be qualifying offsetting legislation; and

`(B) after that budget is submitted to Congress, there is enacted qualifying offsetting legislation.

`(2) In this subsection:

`(A) The term `qualifying offsetting legislation' means legislation (other than an appropriations Act) that includes provisions that--

`(i) offset fully the increased outlays to be made by reason of the provisions of subsection (a) for each of the first 10 fiscal years beginning after the date of the enactment of such legislation;

`(ii) expressly state that they are enacted for the purpose of the offset described in clause (i); and

`(iii) are included in full on the PayGo scorecard.

`(B) The term `PayGo scorecard' means the estimates that are made by the Director of the Congressional Budget Office and the Director of the Office of Management and Budget under section 252(d) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 902(d)) with respect to the ten fiscal years following the date of the enactment of the legislation that is qualifying offsetting legislation for purposes of this section.'.

(b) CONFORMING TERMINATION OF SPECIAL COMPENSATION PROGRAM- Section 1413(a) of such title is amended by adding at the end the following new sentence: `If the provisions of subsection (a) of section 1414 of this title become effective in accordance with subsection (f) of that section, payments under this section shall be terminated effective as of the month beginning on the effective date specified in subsection (e) of that section.'.

(c) CLERICAL AMENDMENT- The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

`1414. Members eligible for retired pay who have service-connected disabilities: payment of retired pay and veterans' disability compensation; contingent authority.'.

(d) PROHIBITION OF RETROACTIVE BENEFITS- If the provisions of subsection (a) of section 1414 of title 10, United States Code, becomes effective in accordance with subsection (f) of that section, no benefit may be paid to any person by reason of those provisions for any period before the effective date specified in subsection (e) of that section.

(e) ENHANCEMENT OF SPECIAL COMPENSATION AUTHORITY- (1) Subsection (b) of section 1413 of title 10, United States Code, is amended by striking paragraphs (1), (2), and (3) and inserting the following:

`(1) For payments for months beginning with February 2002 and ending with December 2002, the following:

`(A) For any month for which the retiree has a qualifying service-connected disability rated as total, \$300.

`(B) For any month for which the retiree has a qualifying service-connected disability rated as 90 percent, \$200.

`(C) For any month for which the retiree has a qualifying service-connected disability rated as 80 percent or 70 percent, \$100.

`(D) For any month for which the retiree has a qualifying service-connected disability rated as 60 percent, \$50.

`(2) For payments for months beginning with January 2003 and ending with September 2004, the following:

`(A) For any month for which the retiree has a qualifying service-connected disability rated as total, \$325.

`(B) For any month for which the retiree has a qualifying service-connected disability rated as 90 percent, \$225.

`(C) For any month for which the retiree has a qualifying service-connected disability rated as 80 percent, \$125.

`(D) For any month for which the retiree has a qualifying service-connected disability rated as 70 percent, \$100.

`(E) For any month for which the retiree has a qualifying service-connected disability rated as 60 percent, \$50.

`(3) For payments for months after September 2004, the following:

`(A) For any month for which the retiree has a qualifying service-connected disability rated as total, \$350.

`(B) For any month for which the retiree has a qualifying service-connected disability rated as 90 percent, \$250.

`(C) For any month for which the retiree has a qualifying service-connected disability rated as 80 percent, \$150.

`(D) For any month for which the retiree has a qualifying service-connected disability rated as 70 percent, \$125.

`(E) For any month for which the retiree has a qualifying service-connected disability rated as 60 percent, \$50.'.

(2) Subsection (d)(2) of such section is amended by striking `70 percent' and inserting `60 percent'.

(3) The amendments made by this subsection shall take effect on February 1, 2002.